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# Employee Representation as a Step Toward Industrial Democracy

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**B**EFORE taking up the real subject at hand, I yield to the temptation of commenting on Dr. Cheyney's quotation<sup>1</sup> from an ancient case on industrial law in Great Britain. Declaring that England formerly suffered from class government at the top, Dr. Cheyney repeated the remarks of the judge in that case, in which labor was excoriated for daring to resist capital and for being an ingrate to the hand which fed it. Modern tendencies, he stated, show an improvement in this situation and a trend toward democracy. The extent to which this trend has gone is emphasized by a modern case in this country which goes to the opposite extreme of Dr. Cheyney's antiquated decision and which, I feel sure, will entirely demolish traditional ideas of law, lawyers and judges. This modern case related to the present problem as to whether organized labor should be exempt from the application of the anti-trust laws and whether such exemption can be effected, with due regard to constitutional provisions as to equality before the law.

Before discussing the case in question, it is well to know just what the problem is. Suppose, for instance, that the United States Steel Corporation should make a deal with the building trades unions to call strikes on all structures where materials manufactured by competitors of the corporation were being used. The United States Steel Corporation would thereby have forged a most effective instrument with which to destroy its competitors. In such a case it is rather difficult to see how

one could fairly say that the labor unions were innocent and that the corporation was guilty, when both were engaged in the same combination to accomplish the same purpose. Is it not unconstitutional, as arbitrary class legislation, to free labor from the restraints of such a law and still hold employers subject to them? Are these two interests equal before the law in such matters? Those embarrassing questions came before the Supreme Court of the state of Oklahoma a few years ago and were dealt with in an opinion which contained, among other things, the following:

Labor was made by God. Capital is made by man. Labor is not only blood and bone but it also has a mind and a soul and is animated by sympathy, hope and love. Capital is inanimate, soulless matter. Labor is the creator, Capital is the creature. Labor is always a matter of necessity, Capital is largely a matter of luxury. Labor has been dignified by the example of God. The Saviour of mankind was called "the carpenter's son." We are told in the Bible that the love of money is the root of all evil. This statement is confirmed by the entire history of the human race.

The love of money is the cause of the organization of trusts and of monopolies. With what show of reason and justice, therefore, can the advocates of monopoly be heard to say that Capital is the equal of Labor? We deny that trusts and monopolies are entitled to protection as citizens of the United States. A single drop of sweat on the brow of honest labor shines more brightly and is more precious in the eyes of God, and is of more benefit to the human race, than all the diamonds that ever sparkled in the crown of any king.

## LABOR'S PART IN INDUSTRIAL DEMOCRACY

To arrive successfully at a true and complete democracy, must there

<sup>1</sup> See page 1 this volume.

not be something in the nature of community of thought, community of interest and understanding; something in the nature of the same attitude and the same relation toward the same problem? Can you have true democracy in an industry where responsibility for the finances and the property rests solely with the owners or their representatives, and where the workers only look for a guaranteed wage, regardless of whether the company is successful or has gone through a disastrous year? Can you have true democracy, or that spirit of team play and coöperation which alone makes democracy possible, where the relations of two large groups are largely matters of bargaining and antagonism?

Industrial democracy built on the foundations of militant unions and employers associations of national extent, or any other form of exaggerated class alignment, is a chimera. True democracy in industry will not come until labor, acting individually and as a group, is willing to seek a financial interest in business, is willing to have part of its return depend on the success of the venture, and is willing to build up its own group of technicians for the management of business. Even such a radical thinker as Mr. Veblen, who looks forward to the time when the owners of industry will be ex-appropriated and industry will be managed by the workers, reminds them in most emphatic terms that it is impossible under present conditions to expect labor to be fit for industrial management until, by slow progress, it has developed for that responsibility. But while we must say that so far as real industrial democracy goes, it is impractical under present relationships, there are, nevertheless, certain sidelights on the trend toward such democracy which deserve searching consideration.

Who helps and who hinders progress toward industrial democracy? The ordinary type of militant unions, as well as many employers, present obstacles. Such unions are often undemocratic and deny in their own management those tools of democracy which they advocate in the political field. The leaders of the syndicalist movement in France declare that the organized labor movement is more guilty of autocracy toward the workers than is capital. But be that as it may, the organized labor movement being largely a militant movement, emphasizing primarily the question of the bargain between capital and labor, feeding the spirit of antagonism, and opposed to many things which seem to offer some promise of a trend toward industrial democracy, is not, with its present objectives and leaderships, an agency which is going to furnish the most fertile field of experimentation.

As I understand the attitude of many of the leaders of organized labor, they do not want to participate in the management, they do not want a representative on the board of directors, they oppose profit sharing, they oppose bonuses, and they oppose freely-elected, intrafactory committees with a fair degree of home rule, whereby machinery may possibly be devised for closer coöperation between small and intimate groups. They seem to have the idea of the old-time religionists, that labor must be saved, if saved at all, only in their way, which is the militant way, and they apply to the situation a discouraging amount of intolerance and bigotry. Naturally, they see in the shop committee a rival, and seeing a rival, they fear it. Naturally, and like all human institutions, they tend to make a fetish of their own organization and claim exclusive utility for it.

### THE UNION MOVEMENT

As a matter of fundamental human philosophy, it is necessary for the labor leader to keep alive in the minds of his followers an exaggerated sense of common peril, in order that men will be faithful to the union and that new men will come into it, thus swelling the ranks. We have, then, that necessary spirit of militancy and antagonism on the part of the union movement which, so far as being useful toward the present experiments in industrial democracy, is not in most cases rendering a great contribution. I state this with some qualifications, because we all know there may be some unions which are marked exceptions to that thought.

### THE EMPLOYEE REPRESENTATION PLAN IN FACTORIES

If we are looking at this trend toward industrial democracy as a peaceful evolutionary process and not as an attempt on the part of radicals to overthrow capitalism, the most fruitful and promising source for experimentation is in factories that have a definite constitutional form of employee representation, based on the square deal. This representation plan has to its commendation the great value of elasticity. It may be applied conservatively, but it travels the road of idealism and may go as far as the inclination of the employer and the capacity of the workers permit. It may be that it is the road toward the sunlight. It may be that it constitutes the half-way house toward some larger measure of industrial democracy. Let us see to what extent it is adapted to industrial ideals of immediate practicality.

Our first ideal should be common counsel and a full hearing for both sides on all matters of mutual interest. Without that the best intentions

cannot safeguard the square deal. Our next immediate ideal should be the lowest practical minimum of overhead discipline and the largest practical maximum of voluntary enthusiasm and coöperation—the lowest, practical minimum of management interference and the largest practical maximum of self-responsibility, self-development, self-initiative and self-direction. Starting with those ideals, is it not entirely clear that industrial representation may afford machinery—and in many important and successful cases has already afforded machinery—for common counsel and self-government of a very genuine and substantial sort. We know it has been feasible in some factories to turn over a large part of the discipline of employees to their peers—their fellow-employees—acting through the instrumentality of the employee representation plan. We know it has been possible, through collective bonuses distributed in an entire department according to the efficiency of that department, to turn over to employees some part of the management of that department, trusting to the collective incentive for good results. Again, we know the employer is primarily interested in the aggregate wage cost of his product and is not so directly interested in the way in which that wage is distributed among the individual employees in the individual department which is running up the aggregate wage bill. Is it not possible, therefore, through employee representation, ultimately to have the employees decide some vexed questions as to the apportionment of the aggregate wage among themselves and thereby release that issue from the challenge of the labor-capital controversy? The employees and not the employer are primarily interested in that question.

If we are looking for experiments in

industrial democracy is there not suggestiveness in the idea that, under the representation plan, we may be drifting back to something approximating the old contract system, but instead of having a third party as an independent profiteering contractor, we will treat a self-governing group of men in a single department as a contracting agency to accomplish certain results with the least possible interference on the part of the management?

It is impossible to go into definite details on a subject of this kind in a short article, but if one grasps the moral idea of encouraging and developing a measure of self-government among men in an individual department, who understand the particular craft in that department, they will find no insuperable obstacles in working out the details. Confidence, patience and tact will bring a surprising harvest if the field is well harrowed.

#### POLITICAL VS. INDUSTRIAL DEMOCRACY

Some people feel that employees are not competent to participate in any such scheme as industrial representation. Limited experience indicates that this skepticism is not sound. Other people feel it is erroneous to make a comparison between political democracy and industrial democracy, since no business could survive if it made as many blunders as political democracy. I am inclined to think that men are better qualified for the kind of industrial democracy of which I speak than they are for carrying on political democracy. Conditions are favorable for this measure of industrial democracy, if, in an individual factory you can eliminate the distrust and suspicion which poisons our industrial system. It must be that a group of one hundred men in a single department, giving their lives to a certain kind of work, understand thoroughly

the nature of that work. That knowledge of the subject-matter is one desideratum of democracy. Give those men some degree of self-government in connection with that work and a stake in the collective accomplishment, and they will soon feel the significance and responsibility of self-government. The smallness of the unit and the familiar nature of the work, which is within their observation, permit them to discern the consequences of good and bad decisions and actions. That is a second desideratum of democracy. They see just how they suffer from their blunders and benefit by their intelligence. The cause and effect is reasonably clear.

When we consider democracy may we not say, as a general proposition, that the further away the seat of government and the more remote and inappreciable are the effect of men's action at the polls, the more doubtful is the result. Herein lies the success of the town meeting. Where, as in a single factory department, you have a comparatively small group engaged in one common business which they understand, there is a better basis for self-government than in the larger political field, where the man who makes brooms helps make the laws for doctors and teachers. In fact, if the present movement for industrial democracy continues to grow as it is now growing, through the rapid installation of shop representation plans, until it now represents something like one million workers in these United States, we may reach a point where democracy in the plants, which helps a man to understand the connection between his vote and what thereafter happens, will be the real primary class for political democracy. After all, our allegiances and our sense of community responsibility are developed from our close and intimate associations rather than from our

larger groupings. Each factory is capable of becoming a real university in this and other lines of education. So it may be that if this idea of group coöperation can be worked out, we will develop a new community sense and a new sense of social responsibility among our working class.

#### NECESSITY FOR EMPLOYEES' RESPONSIBILITY

This involves no hasty leap from one social era into another, nor any violent cataclysm or taking of private property, but a gradual evolution in the direction in which many employers have already turned their faces. Who knows its possibilities? Who knows what will be its reaction upon the moral character and responsibility of employees who for the first time are given such an opportunity to develop? Some employers blame the employees for a lack of responsibility, but after all, if we are just, we must remember that it may be lack of opportunity in the past which, to a large extent, accounts for lack of developed responsibility. How quickly that sense of responsibility will develop under the gradual growth of plans of this kind no man can say, but I certainly am sanguine that it spells progress.

After all, when I come into contact with employers concerning this question, I find that our fundamental difference, or agreement, as the case may be, arises from our fundamental conceptions of existing conditions. For those who feel that this present era of unrest is like other eras which have come and gone, leaving the fundamental nature of our institutions unchanged, there can be little incentive to experiment and grope, as I suggest. But for those who believe that a real change will follow and that we of today live fifty years of experience in five years of time, there is a real need for fresh

departures. Employers of the latter class look upon this problem not simply as the question of the dollars they earn this month or this year, but as the great problem of broad, social reconstruction upon which the very stability of the republic must depend. I share their belief that existing industrial conditions are incompatible with human happiness and human satisfaction and must be changed if we are to secure that degree of coöperation without which any nation must perish.

While the factory as an institution has been of such great benefit to society as a whole, because of its efficient and quantitative production, we must nevertheless recognize that it also has its social menace. Its worst menace lies in the monotonous, repetitive labor to which so many employees are sentenced to spend so large a portion of their time. To mitigate that, which is an unavoidable evil, is it not desirable that employees should have an opportunity for group expression and some degree of self-government, so that they can see the relation between the detailed effort which they are carrying out and the social fabric as a whole? The opposition of some employers and unions to progressive steps in this direction unfortunate indeed. Public opinion must overcome that opposition and encourage and support the various experiments now going on in the individual factories, with a view to working out the best plan for a greater degree of self-government. Experience alone will demonstrate how far it is practicable to go in giving the workers a voice in the management so far as it relates to their own peculiar conditions of employment. If Mr. Employer has the democratic faith, which is faith in his fellow man, he will succeed in working it out. If he lacks that faith and believes that the

workers cannot rise above the position which they have occupied in the past, it will be a difficult task.

On the whole, my judgment is that industrial representation, manifesting itself in many ways and endorsed by the President's second industrial conference, is the most interesting line of study and promise on the trend of

industrial democracy, and that intolerance toward this development, whether it comes from the employer, who fears it means stronger unions, or organized labor, which fears it means weaker unions, should be publicly discountenanced. If we cannot look in this direction for improvement, we know not where to pin our hopes.